



PLANNING COMMISSION STAFF REPORT

File No.	GP15-007
Applicant:	Warmington Residential
Location	North side of Campbell Avenue, approximately 800 feet west of Newhall Street (1150 Campbell Avenue)
Existing General Plan Land Use	Light Industrial
Proposed General Plan Land Use	Mixed Use Neighborhood
Existing Zoning	Heavy Industrial
Council District	3
Historic Resource	No
Annexation Date:	College Park/Burbank Sunol - December 8, 1925
CEQA:	Statutory Exemption

APPLICATION SUMMARY: Amendment to the Envision San José 2040 General Plan Land Use/Transportation Diagram land use designation from Light Industrial to Mixed Use Neighborhood on an approximately 1.6 gross acre site.

RECOMMENDATION: Planning staff recommends that the Planning Commission make a recommendation to the City Council to **deny** the resolution amending the Envision San José 2040 General Plan Land Use/Transportation Diagram land use designation on the site from Light Industrial to Mixed Use Neighborhood.

PROJECT DATA

GENERAL PLAN CONSISTENCY			
General Plan Designation		Light Industrial <input type="checkbox"/> Consistent <input checked="" type="checkbox"/> Inconsistent	
Consistent Policies		None	
Inconsistent Policies		Innovative Economy Policies: IE-1; IE-1.1; IE-1.2; IE-1.4; Fiscal Sustainability Policies: FS-4; FS-4.1; FS-4.5; Land Use Policies: LU-6; LU-6.1; LU-6.2; LU-6.4; LU-6.5; LU-6.6; LU-6.8; IE-6; Broad Economic Prosperity: IE-6.2; IE-6.3	
SURROUNDING USES			
	General Plan Land Use	Zoning	Existing Use
North	Combined Industrial/Commercial	Heavy Industrial	Railroad
South	Mixed Use Neighborhood and Light Industrial	A(PD) Planned Development and Light Industrial	Single-family residences and light industrial uses
East	Urban Residential	A(PD) Planned Development	Multiple-family residences

West	Mixed Use Neighborhood	A(PD) Planned Development	Single-family residences
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RELATED APPROVALS

Date	Action
4/22/1983	Building permit. no. 37065 to allow the construction of an approximately 30,000 square foot industrial building at 1150 Campbell Avenue.

PROJECT DESCRIPTION

The applicant, Warmington Residential, applied for a General Plan Amendment on March 10, 2015, proposing to change the General Plan Land Use/Transportation Diagram land use designation from Light Industrial to Mixed Use Neighborhood. No specific development is proposed for the project site at this time.

Site Location: The site is located on the north side of Campbell Avenue between Dahlia Loop and De Altura Common at 1150 Campbell Avenue. The site is abutted to the west by single-family detached residences developed under a Planned Development zoning approved by the City Council in May of 2005 (File No. PDC04-068). The site is abutted to the east by single-family attached residences developed under a Planned Development zoning approved by the City Council in April of 2005 (File No. PDC04-069). The site is abutted to the north by the peninsula corridor railroad line utilized by Caltrain. To the south, the site is abutted by single-family residences developed under a Planned Development zoning approved by the City Council on October of 2009 (File No. PDC08-068) and an industrial property that is currently occupied by Pajaro Packaging, a product package designer, at 1175 Campbell Avenue. A General Plan Amendment request to change the land use designation to Mixed Use Neighborhood was filed in early 2015 for this industrial property, but has since been withdrawn. The site and the surrounding properties are within the Santa Clara Valley Transportation Authority (VTA) 2011 Santa Clara Station Area Plan boundaries; however, this Plan was not adopted by the City of San Jose.

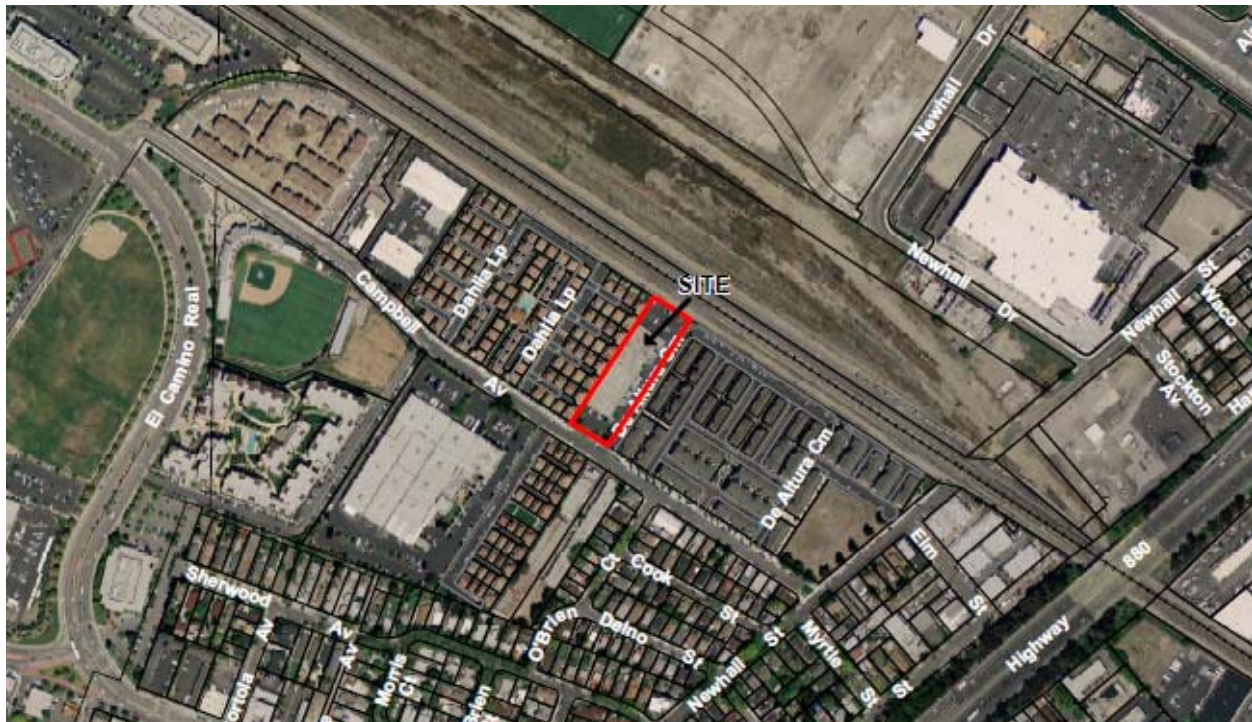


Figure 1: Site Location

Early Consideration

The proposed General Plan Amendment is requesting a land use change from Light Industrial to Mixed Use Neighborhood on a 1.6 gross acre site. As this request is a conversion of a job generating land use, this amendment is subject to the Early Consideration hearing process. The Early Consideration process is utilized when a proposed land use amendment to the Envision San José 2040 General Plan is fundamentally inconsistent with the major strategies, goals and policies of the General Plan. The Administration brings the amendment to the Planning Commission for Early Consideration of a recommendation to the City Council for either denial or continued processing during the General Plan Annual Review.

ANALYSIS

The proposed amendment was analyzed with respect to conformance with the major strategies, goals and policies of the Envision San José 2040 General Plan.

General Plan Major Strategies, Goals, and Policies

A major strategy of the General Plan is to support San Jose's growth as an innovation/regional employment center. San Jose is the only U.S. city its size that acts as a net exporter of workers within the region. The resulting "bedroom community" jeopardizes the fiscal health of the city. To address this issue, the General Plan has established the achievement of a jobs-to-employed-resident ratio of 1.3 to 1. This objective informs the City's land use policies and land use designations. The General Plan recognizes the retention of existing employment lands as well as the development of new employment lands as a necessity to meet this objective.

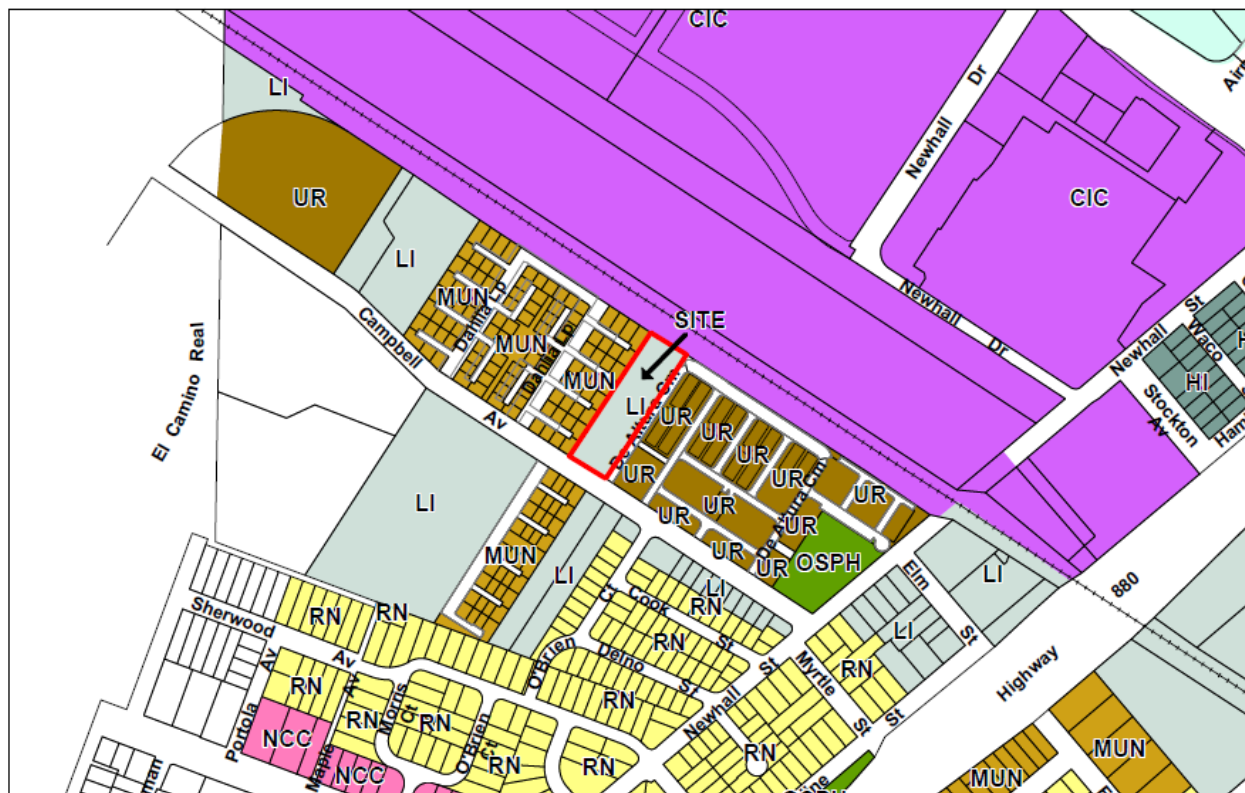


Figure 2: General Plan Map

The subject site has a land use designation of Light Industrial. The 1.6 gross acre site includes one existing industrial building approximately 30,000 total square feet in size. The industrial building is currently occupied with a machine shop (Precision Specialties) and an indoor recreation use. The residential sites to the west and east of the project site were formerly industrial sites similar to the subject site. In 2004, the City Council approved a General Plan Amendment to convert these industrial lands to medium-density and high-density residential land use designations. Such conversion of industrial land to residential uses served as a catalyst to develop strong 2040 General Plan strategies, goals, and policies that discourage the conversion of industrial land for residential uses. Staff, as directed by the General Plan, strongly supports the preservation of existing employment land in the City to promote the City's fiscal stability.

The proposed Mixed Use Neighborhood designation supports residential, commercial, and mixed-use development such as townhomes, live/work, residential/commercial, or small stand-alone commercial uses. Residential development up to 30 dwelling units per acre or mixed-use development with a floor-area-ratio up to 2.0 could be proposed under this designation. While the proposed designation could potentially allow for the retention of some employment uses at the site, there is no guarantee that such a mixed-use development would be proposed upon the approval of a General Plan amendment. Furthermore, if the applicant were to propose a mixed-use development concurrently, the project would still not be in conformance with the General Plan's industrial land retention goals and policies as industrial uses would not be allowed under the proposed Mixed Use Neighborhood designation.

A staff-initiated General Plan Amendment for the subject site was proposed in 2009 in concert with the Valley Transportation Authority's (VTA) Santa Clara Station Area Plan which calls for the site to be comprised of residential uses. The City did not adopt the Station Area Plan as an official City policy document and withdrew the amendment request as it was not in compliance with the 2007 City Council policy Employment Lands Preservation Framework ("Framework"). The 2007 Framework called for no net loss of total employment capacity as the result of an amendment to the San Jose 2020 General Plan. Additionally, it required that there be no net loss from non-employment land use conversions of Light Industrial acreage or building area square footage on land that has a General Plan land use designation of Light Industrial. The Envision San Jose 2040 General Plan incorporated the 2007 Framework policies within the Plan to further strengthen the City's policies against industrial land conversion.

The preservation of industrial land is critical to San Jose's economy and fiscal sustainability. Industrial areas provide 1/3 of the city's total jobs and over 1/3 of the City's total sales tax collection. As such, goals and policies discouraging the loss of job generating land uses are embedded throughout the 2040 General Plan. The retention of industrial land in San Jose is also critical to the General Plan's goal to provide access to diverse employment opportunities in San Jose and to grow jobs that provide self-sufficient or living wages for its residents. Jobs in industrial areas provide middle income jobs and upward mobility for San Jose's Workforce; the average salaries in business that occupy light industrial properties typically range from \$60,620 to \$74,330 annually. The availability of middle income jobs provides indirect fiscal benefits to the City; workers enjoying higher salaries have more disposable income, contributing more sales tax to the City through increased retail spending. Reducing the amount of industrial land in the City, could ultimately impact the number of middle income jobs available for San Jose's growing population.

Specifically, the proposed land use conversion is fundamentally inconsistent with the following Envision San Jose 2040 General Plan major strategies, goals and policies as further analyzed below:

1. **Innovative Economy Goal IE-1:** Proactively manage land uses to provide and enhance economic development and job growth in San Jose.

Innovative Economy Policy IE 1.1: To retain land capacity for employment uses in San José, protect and improve the quantity and quality of all lands designated exclusively for industrial uses, especially those that are vulnerable to conversion to non-employment uses.

Innovative Economy Policy IE 1.2: Plan for the retention and expansion of a strategic mix of employment activities at appropriate locations throughout the city to support a balanced economic base, including industrial suppliers and services, commercial/retail support services, clean technologies, life sciences, as well as high technology manufacturers and other related industries.

Innovative Economy Policy IE 1.4: Manage land uses to enhance employment lands to improve the balance between jobs and workers residing in San Jose. Strive to achieve a minimum ratio of 1.3 jobs/employed residents to attain fiscal sustainability for the City.

Analysis: The General Plan acknowledges that San Jose's economy thrives on innovation, and in order to keep providing this innovation, the City must provide job opportunities for all and ample fiscal resources to build up a successful economy. In order to maintain a fiscally strong City, the City needs to provide space for new companies to locate in the City, and preserve land that is dedicated for this type of use. These Innovative Economy policies are directly related to the preservation of industrial employment use lands. By converting the approximately 1.6 acre subject industrial site, the proposed amendment would not further the City's goal to strengthen the local economy and provide jobs to residents.

2. **Fiscal Sustainability Goal FS-4:** Maintain, enhance, and develop employment lands.

Fiscal Sustainability Policy FS-4.1: Preserve and enhance employment land acreage and building floor area capacity for various employment activities because they provide revenue, near-term jobs, contribute to our City's long-term achievement of economic development and job growth goals, and provide opportunities for the development of retail to serve individual neighborhoods, larger community areas, and the Bay Area.

Fiscal Sustainability Policy FS-4.5: Maintain and expand the total amount of land with either Light Industrial or Heavy Industrial designation. Do not add overlays or other designations that would allow for non-industrial, employment uses.

Analysis: The project will convert approximately 1.6 acres of land from a Light Industrial land use designation to a Mixed Use Neighborhood land use designation. This is in direct conflict with the fiscal sustainability goals and policies of the General Plan. The General Plan recognizes that the retention of existing employment lands is needed to achieve a jobs-housing balance. With limited locations for potential industrial users in which to locate, the need to preserve existing industrial designated properties is a key priority in furthering General Plan fiscal sustainability goals and policies.

3. **Land Use Policy LU-2.3:** To support the intensification of identified Growth Areas, and to achieve the various goals related to their development throughout the City, restrict new development on properties in non-Growth Areas.

Analysis: The 2040 General Plan provides a growth strategy that specifically focuses new growth into identified growth areas. Each growth area is assigned a specific amount of housing capacity. The subject site is not located within a designated growth area, was not designated for housing growth, and as such has no housing units assigned to it. Should this amendment be approved, housing capacity would need to be removed from one of the identified growth areas.

4. **Land Use Policy LU-6:** Preserve and protect industrial uses to sustain and develop the city's economy and fiscal sustainability.

Land Use Policy LU-6.1: Prohibit conversion of lands designated for light and heavy industrial uses to non-industrial uses. Prohibit lands designated for industrial uses and mixed industrial-commercial uses to be converted to non-employment uses.

Land Use Policy LU-6.2: Prohibit encroachment of incompatible uses into industrial lands, and prohibit non-industrial uses which would result in the imposition of additional operational restriction and/or mitigation requirements on industrial users use to land use incompatibility issues.

Land Use Policy LU-6.4: Encourage the development of new industrial areas and the redevelopment of existing older or marginal industrial areas with new industrial uses, particularly in locations which facilitate efficient commute patterns. Use available public financing to provide necessary infrastructure improvements as one means of encouraging this economic development and revitalization.

Land Use Policy LU-6.5: Maintain and create Light Industrial and Heavy Industrial designated site that are at least one acre in size in order to facilitate viable industrial uses.

Land Use Policy LU-6.6: Monitor the absorption and availability of industrial land, particularly land identified for light and heavy industrial uses, to ensure a balanced supply of available land for all sectors, including industrial suppliers and services.

Land Use Policy LU-6.8: Reserve industrial areas for industrial and compatible support uses, while recognizing that industrial uses come in a variety of types and forms. Allow non-industrial uses which are only incidental to and totally compatible with primary industrial uses in exclusively industrial areas. Consider allowing supportive, non-industrial activities, such as retail sales of materials manufactured or stored on site.

Analysis: The 2004 industrial land conversions in the vicinity of the subject site have already undermined the viability of other industrial properties in the area. The proposed land use change also further proves that these land use changes have a domino effect on remaining industrial sites in the area. Given the above goal and policies, these former conversions are not a reason to continue the conversion of the remaining industrial land in the project vicinity. As stated in Land Use Policy 6.8, industrial uses come in a variety of types and forms and as such, the subject 1.6 acre site could be viable for future light industrial users while still remaining compatible with the surrounding residential properties.

5. **Broad Economic Prosperity Goal IE-6:** Provide widespread access to diverse employment and training opportunities in San José and strive to increase job growth, particularly jobs that provide self-sufficient wages and health care benefits, to allow the community to broadly share in the region's prosperity.

Broad Economic Prosperity Policy IE-6.2: Attract and retain a diverse mix of businesses and industries that can provide jobs for the residents of all skill and education levels to support a thriving community.

Broad Economic Prosperity Policy IE-6.3: Attract job opportunities accessible to all of San José's residents, particularly residents in low-income neighborhoods.

Analysis: The proposed land use change will not provide diverse job opportunities for San José residents, nor create revenue growth for our City that enables delivery of needed infrastructure and desired urban services for the City.

CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA)

Under the provisions of Section 15270 of the State Guidelines for Implementation of the California Environmental Quality Act, the General Plan Amendment is found to be exempt from the environmental review requirements of Title 21 of the San José Municipal Code, implementing the California Environmental Quality Act of 1970, as amended (CEQA), if the public agency disapproves of the project. Section 15270 states that an initial screening of projects on the merits for quick disapprovals prior to the initiation of the CEQA process where the agency can determine that the project cannot be approved. This section shall not relieve an applicant from paying the costs for an EIR or Negative Declaration prepared for his project prior to the Lead Agency's disapproval of the project after normal evaluation and processing.

PUBLIC HEARING NOTIFICATION

- ☐ **Criterion 1:** Requires Council action on the use of public funds equal to \$1 million or greater.
(Required: Website Posting)
- ☐ **Criterion 2:** Adoption of a new or revised policy that may have implications for public health, safety, quality of life, or financial/economic vitality of the City.
(Required: E-mail and Website Posting)
- ☐ **Criterion 3:** Consideration of proposed changes to service delivery, programs, staffing that may have impacts to community services and have been identified by staff, Council or a Community group that requires special outreach. (Required: E-mail, Website Posting, Community Meetings, Notice in appropriate newspapers)

Although this item does not meet any of the criteria above, staff followed Council Policy 6-30: Public Outreach Policy. A notice of the public hearing was distributed to the owners and tenants of all properties located within 500 feet of the project site and posted on the City website. The staff report is also posted on the City's website. Staff has been available to respond to questions from the public.

Project Manager: Elizabeth Schuller

Approved by: *Michael Bullock*, Division Manager for Harry Freitas, Planning Director

Date: 4/8/15

Attachments:

Letter from applicant

Owner:	Applicant:
Campbell Avenue Associates 1495 Rosecrest Terrace San Jose, CA 95126	Warmington Residential 2400 Camino Ramon, Suite 234 San Ramon, CA 94583



Warmington
R E S I D E N T I A L

March 4, 2015

Mr. Harry Freitas
Director of Planning, Building and Code Enforcement
City of San Jose
200 E. Santa Clara Street
San Jose, CA 95113

Subject: Envision 2040 General Plan Amendment Application

1150 Campbell Avenue, San Jose

Dear Mr. Freitas,

Please accept this correspondence as our supplemental summary for the General Plan Amendment application being submitted for the subject property referenced above. Our request is to change the Envision 2040 General Plan Land Use/Transportation Diagram Land Use Designation from Light Industrial to a Residential Neighborhood on approximately 1.6 acres.

The general vicinity of the area of our request has been undergoing a transformation over the past decade or so. Many of the properties along Campbell Ave have been transformed from underutilized/vacant warehouse and storage uses to what is now a vibrant emerging neighborhood with a new neighborhood serving park.

Our General Plan Amendment request will continue with the Envision 2040 goals of completing neighborhoods. The proposed use would provide consistency between the existing properties to the East, Urban Residential and to the West, Mixed Use Neighborhood as well as directly across Campbell Avenue, Mixed Use Neighborhood.

In addition, there is an active General Plan Amendment application, GP14-010, on file with City for the property directly across Campbell Avenue which is for the same request as our application.

The proposed residential designation is more appropriate for the subject site as it will complete the build out of a neighborhood. The existing warehouse use is physically separated from other similar uses and is essentially an island within the neighborhood.

We have met with representatives from Council District 3 and believe we have their support for this endeavor. We ask that we are allowed to be a part of the current General Plan review and feel confident that the City will see this area as one that meets with the spirit and intent of the current Envision 2040

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goals for completing neighborhoods, developing uses compatible with existing surrounding land uses and providing housing for an ever increasing workforce within the City.

We are respectfully submitting an application for an Amendment to the Envision 2040 General Plan, application fees, an Initial Study and this letter to formally initiate a process that will allow for the review of our request.

If you or your staff have any questions, require additional information or would like to meet with our team to discuss the application, please don't hesitate to call.

Sincerely,

A handwritten signature in black ink, appearing to read "Jay Deckard", written over a horizontal line.

Jay Deckard
VP Director of Community Development

CC: Councilmember Raul Perez
Robert Martin – RLM Properties